



# Corporate Governance Code

## **1. Objective of the Corporate Governance Code**

The following Corporate Governance Principles were determined by the Executive Board and Supervisory Board of NORDENIA INTERNATIONAL AG in November 2002. They serve the transparency of a management and monitoring of NORDENIA INTERNATIONAL AG which are responsible and oriented towards the creation of further value, the protection and improvement of the high standards of NORDENIA INTERNATIONAL AG and the NORDENIA Group, and the promotion and consolidation of the confidence of current and future investors, customers, employees, and the interested public on national and international markets, and therefore the support of the capital market acceptance of NORDENIA INTERNATIONAL AG.

The Executive Board, Supervisory Board, and the managers of NORDENIA INTERNATIONAL AG identify with the Corporate Governance Code of NORDENIA INTERNATIONAL AG in the fulfillment of their tasks.

### **2.1 Shareholders**

2.1.1 Shareholders exercise their rights at the Shareholder's Meeting and vote there.

2.1.2 In principle, each share carries one vote. There are no shares with multiple voting rights, preferential voting rights (golden shares) or maximum voting rights.

### **2.2 Shareholder's Meeting**

2.2.1 The Executive Board submits to the Shareholder's Meeting the Annual Financial Statements and the Consolidated Financial Statements. The Shareholder's Meeting resolves on the appropriation of net income and the discharge of the acts of the Executive Board and of the Supervisory Board. It elects the shareholders' representatives to the Supervisory Board and, as a rule, the auditors.

Furthermore, the Shareholder's Meeting resolves on the Articles of Association, the purpose of the company, amendments to the Articles of Association and essential corporate measures such as, in particular, inter-company agreements and transformations, the issuing of new shares and, in particular, of convertible bonds and bonds with warrants, and the authorization to purchase own shares.

2.2.2 When new shares are issued, shareholders, in principle, have pre-emptive rights corresponding to their share of the equity capital.

2.2.3 Each shareholder is entitled to participate in the Shareholder's Meeting, to take the floor on matters on the agenda and to submit materially relevant questions and proposals.

2.2.4 The chair of the meeting provides for the expedient running of the Shareholder's Meeting.

### **2.3 Invitation to the Shareholder's Meeting, Proxies**

2.3.1 At least once a year the Shareholder's Meeting is to be convened by the Executive Board giving details of the agenda. A quorum of shareholders is entitled to demand the convening of a Shareholder's Meeting and the extension of the agenda. The Executive Board shall not only provide the reports and documents, including the

Annual Report, required by law for the Shareholder's Meeting, and send them to shareholders upon request, but shall also publish them on the company's Internet site together with the agenda.

- 2.3.2 The company shall inform all domestic and foreign shareholders, shareholders' associations and financial services providers, who, in the preceding 12 months, have requested such notification, of the convening of the Shareholder's Meeting together with the convention documents, upon request, also using electronic channels.
- 2.3.3 The company shall facilitate the personal exercising of shareholders' voting rights. The company shall also assist the shareholders in the use of proxies. The Executive Board shall arrange for the appointment of a representative to exercise shareholders' voting rights in accordance with instructions; this representative should also be reachable during the Shareholder's Meeting.
- 2.3.4 The company should make it possible for shareholders to follow the Shareholder's Meeting using modern communication media (e.g. Internet).

### **3. Cooperation between Executive Board and Supervisory Board**

- 3.1 The Executive Board and Supervisory Board cooperate closely to the benefit of the enterprise.
- 3.2 The Executive Board coordinates the enterprise's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board in regular intervals.
- 3.3 For transactions of fundamental importance, the Articles of Association or the Supervisory Board specify provisions requiring the approval of the Supervisory Board. They include decisions or measures which fundamentally change the asset, financial or earnings situations of the enterprise.
- 3.4 Providing sufficient information to the Supervisory Board is the joint responsibility of the Executive Board and Supervisory Board

The Executive Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the enterprise with regard to planning, business development, risk situation and risk management. The Executive Board points out deviations of the actual business development from previously formulated plans and targets, indicating the reasons therefore.

The Supervisory Board shall specify the Executive Board's information and reporting duties in more detail. The Executive Board's reports to the Supervisory Board are, as a rule, to be submitted in writing (including electronic form). Documents required for decisions, in particular, the Annual Financial Statements, the Consolidated Financial Statements and the Auditors' Report are to be sent to the members of the Supervisory Board, to the extent possible, in due time before the meeting.

- 3.5 Good corporate governance requires an open discussion between the Executive Board and Supervisory Board as well as among the members within the Executive Board and the Supervisory Board. The comprehensive observance of confidentiality is of paramount importance for this.

All board members ensure that the staff members they employ observe the confidentiality obligation accordingly.

- 3.6 In the event of a takeover offer, the Executive Board and Supervisory Board of the target company must submit a statement of their reasoned position so that the shareholders can make an informed decision on the offer.

After the announcement of a takeover offer, the Executive Board may not take any actions outside the ordinary course of business that could prevent the success of the offer unless the Executive Board has been authorized by the Shareholder's Meeting or the Supervisory Board has given its approval. In making their decisions, the Management and Supervisory Boards are bound to the best interests of the shareholders and of the enterprise.

In appropriate cases the Executive Board should convene an extraordinary Shareholder's Meeting at which shareholders discuss the takeover offer and may decide on corporate actions.

- 3.7 The Executive Board and Supervisory Board comply with the rules of proper corporate management. If they violate the due care and diligence of a prudent and conscientious Managing Director or Supervisory Board member, they are liable to the company for damages.
- 3.8 Extending loans from the enterprise to members of the Management and Supervisory Boards or their relatives requires the approval of the Supervisory Board.
- 3.9 The Executive Board and Supervisory Board shall report each year on the enterprise's Corporate Governance in the Annual Report (Corporate Governance Report). This includes the explanation of possible deviations from the recommendations of this Code.

## **4. Executive Board**

### **4.1 Tasks and Responsibilities**

- 4.1.1 The Executive Board is responsible for independently managing the enterprise. In doing so, it is obliged to act in the enterprise's best interests and undertakes to increase the sustainable value of the enterprise.
- 4.1.2 The Executive Board develops the enterprise's strategy, coordinates it with the Supervisory Board and ensures its implementation.
- 4.1.3 The Executive Board ensures that all provisions of law are abided by and works to achieve their compliance by group companies.

The Executive Board ensures appropriate risk management and risk controlling in the enterprise.

### **4.2 Composition and Compensation**

- 4.2.1 The Executive Board shall be comprised of several persons and have a Chairman or Spokesman. Terms of Reference shall regulate the allocation of areas of responsibility and the cooperation in the Executive Board.

- 4.2.2 At the proposal of the committee dealing with Executive Board contracts, the full Supervisory Board shall discuss and regularly review the structure of the Executive Board compensation system.

Compensation of the members of the Executive Board is determined by the Supervisory Board at an appropriate amount based on a performance assessment in considering any payments by group companies. Criteria for determining the appropriateness of compensation are, in particular, the tasks of the respective member of the Executive Board, his personal performance, the performance of the Executive Board as well as the economic situation, the performance and outlook of the enterprise taking into account its peer companies.

- 4.2.3 The overall compensation of the members of the Executive Board shall comprise a fixed salary and variable components.
- 4.2.4 Compensation of the members of the Executive Board shall be reported in the Notes of the Consolidated Financial Statements subdivided according to fixed, performance-related and long-term incentive components. The figures shall be individualized.

### **4.3 Conflicts of Interest**

- 4.3.1 During their employment for the enterprise, members of the Executive Board are subject to a comprehensive non-competition obligation.
- 4.3.2 Members of the Executive Board and employees may, in connection with their work, neither demand nor accept from third parties payments or other advantages for themselves or for any other person nor grant third parties unlawful advantages.
- 4.3.3 Members of the Executive Board are bound by the enterprise's best interests. No member of the Executive Board may pursue personal interests in his decisions or use business opportunities intended for the enterprise for himself.
- 4.3.4 All members of the Executive Board shall disclose conflicts of interest to the Supervisory Board without delay and inform the other members of the Executive Board thereof. All transactions between the enterprise and the members of the Executive Board as well as persons they are close to or companies they have a personal association with must comply with standards customary in the sector. Important transactions shall require the approval of the Supervisory Board.
- 4.3.5 Members of the Executive Board shall take on sideline activities, especially Supervisory Board mandates outside the enterprise, only with the approval of the Supervisory Board.

## **5. Supervisory Board**

### **5.1 Tasks and Responsibilities**

- 5.1.1 The task of the Supervisory Board is to advise regularly and supervise the Executive Board in the management of the enterprise. It must be involved in decisions of fundamental importance to the enterprise.
- 5.1.2 The Supervisory Board appoints and dismisses the members of the Executive Board. Together with the Executive Board it shall ensure that there is a long-term succession planning. The Supervisory Board can delegate preparations for the appointment of

members of the Executive Board to a committee, which also determines the conditions of the employment contracts including compensation.

For first time appointments the maximum possible appointment period of five years should not be the rule. A re-appointment prior to one year before the end of the appointment period with a simultaneous termination of the current appointment shall only take place under special circumstances. An age limit for members of the Executive Board shall be specified.

5.1.3 The Supervisory Board shall issue Terms of Reference.

## **5.2 Tasks and Authorities of the Chairman of the Supervisory Board**

The Chairman of the Supervisory Board coordinates work within the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board externally.

The Chairman of the Supervisory Board shall regularly maintain contact with the Executive Board, in particular, with the Chairman or Spokesman of the Executive Board and consult with him on strategy, business development and risk management of the enterprise. The Chairman of the Supervisory Board will be informed by the Chairman or Spokesman of the Executive Board without delay of important events which are essential for the assessment of the situation and development as well as for the management of the enterprise. The Chairman of the Supervisory Board shall then inform the Supervisory Board and, if required, convene an extraordinary meeting of the Supervisory Board.

## **5.3 Composition and Compensation**

5.3.1 For nominations for the election of members of the Supervisory Board, care shall be taken that the Supervisory Board, at all times, is composed of members who, as a whole, have the required knowledge, abilities and expert experience to properly complete their tasks and are sufficiently independent. The international activities of the enterprise, potential conflicts of interest and an age limit to be specified for the members of the Supervisory Board shall be taken into account.

5.3.2 To permit the Supervisory Board's independent advice and supervision of the Executive Board, the Supervisory Board shall include what it considers an adequate number of independent members. A Supervisory Board member is considered independent if he/she has no business or personal relations with the company or its Executive Board which cause a conflict of interests. Not more than two former members of the Executive Board shall be members of the Supervisory Board and Supervisory Board members shall not exercise directorships or similar positions or advisory tasks for important competitors of the enterprise.

5.3.3 Every member of the Supervisory Board must take care that he/she has sufficient time to perform his/her mandate. Members of the Executive Board of a listed company shall not accept more than a total of five Supervisory Board mandates in non-group listed companies.

5.3.4 The election or re-election of members of the Supervisory Board at different dates and for different periods of office enables changing requirements to be taken into account.

- 5.3.5 Compensation of the members of the Supervisory Board is specified by resolution of the Shareholder's Meeting or in the Articles of Association. It takes into account the responsibilities and scope of tasks of the members of the Supervisory Board as well as the economic situation and performance of the enterprise. Also to be considered here shall be the exercising of the Chair and Deputy Chair positions in the Supervisory Board as well as the chair and membership in committees.

Members of the Supervisory Board shall receive fixed as well as performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise.

The compensation of the members of the Supervisory Board shall be reported individually in the Corporate Governance Report, subdivided according to components. Also payments made by the enterprise to the members of the Supervisory Board or advantages extended for services provided individually, in particular, advisory or agency services shall be listed separately in the Notes to the Consolidated Financial Statements.

- 5.3.6 If a member of the Supervisory Board took part in less than half of the meetings of the Supervisory Board in a financial year, this shall be noted in the Report of the Supervisory Board.

## **5.4 Conflicts of Interest**

- 5.4.1 All members of the Supervisory Board are bound by the enterprise's best interests. No member of the Supervisory Board may pursue personal interests in his/her decisions or use business opportunities intended for the enterprise for himself/herself.
- 5.4.2 Each member of the Supervisory Board shall inform the Supervisory Board of any conflicts of interest which may result from a consultant or directorship function with clients, suppliers, lenders or other business partners.
- 5.4.3 In its report, the Supervisory Board shall inform the Shareholder's Meeting of any conflicts of interest which have occurred together with their treatment. Material conflicts of interest and those which are not merely temporary in respect of the person of a Supervisory Board member shall result in the termination of his mandate.
- 5.4.4 Advisory and other service agreements and contracts for work between a member of the Supervisory Board and the company require the Supervisory Board's approval.

## **5.5 Examination of Efficiency**

The Supervisory Board shall examine the efficiency of its activities on a regular basis.

## **6. Transparency**

- 6.1 As soon as the company becomes aware of the fact that an individual acquires, exceeds or falls short of 5, 10, 25, 50 or 75% of the voting rights in the company by means of a purchase, sale or any other manner, the Executive Board will disclose this fact without delay.

- 6.2 The company's treatment of all shareholders in respect of information must be equal. All new facts made known to financial analysts and similar addressees shall also be disclosed to the shareholders by the company without delay.
- 6.3 The company shall use suitable communication media, such as the Internet, to inform shareholders and investors in a prompt and uniform manner.
- 6.4 Any information which the company discloses abroad in line with corresponding capital market law provisions shall also be disclosed domestically without delay.
- 6.5 The purchase or sale of shares in the company or of related financial instruments, in particular derivatives, by members of the Executive Board and Supervisory Board of the company must be reported by them without delay to the company. All the aforesaid disclosures shall be included in the Corporate Governance Report.

The ownership of shares in the company or related financial instruments by Executive Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the Executive Board and Supervisory Board exceed 1% of the shares issued by the company, these shall be reported separately according to Executive Board and Supervisory Board.

- 6.6 As part of regular information policy, the dates of essential regular publications (including the Annual Report, interim reports, Shareholder's Meeting) shall be published sufficiently in advance in a "financial calendar."
- 6.7 Information on the enterprise which the company discloses shall also be accessible via the company's Internet site. The Internet site shall be clearly structured. Publications should also be in English.

## **7. Reporting and Audit of the Annual Financial Statements**

### **7.1 Reporting**

- 7.1.1 Shareholders and third parties are mainly informed by the Consolidated Financial Statements. They shall be informed during the financial year by means of interim reports. The Consolidated Financial Statements and interim reports shall be prepared under observance of internationally recognised accounting principles. For corporate law purposes (calculation of dividend, shareholder protection), Annual Financial Statements will be prepared according to national regulations (German Commercial Code), which also form the basis for taxation.
- 7.1.2 The Consolidated Financial Statements must be prepared by the Executive Board and examined by the auditor and Supervisory Board. The Consolidated Financial Statements shall be publicly accessible within 120 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period.
- 7.1.3 The Corporate Governance Report shall contain information on stock option programmes and similar securities-based incentive systems of the company.

- 7.1.4 The company shall publish a list of third party companies in which it has a shareholding that is not of minor importance for the enterprise. The trading portfolios of banks and financial services companies, on which voting rights are not exercised, are disregarded in this context. The following shall be provided: name and headquarters of the company, the amount of the shareholding, the amount of equity and the operating result of the past financial year.
- 7.1.5 Notes on the relationships with shareholders considered to be "related parties" pursuant to the applicable accounting regulations shall be provided in the Consolidated Financial Statements.

## **7.2 Audit of Annual Financial Statements**

- 7.2.1 Prior to submitting a proposal for election, the Supervisory Board or, respectively, the Audit Committee shall obtain a statement from the proposed auditor stating whether, and where applicable, which business, financial, personal and other relationships exist between the auditor and its executive bodies and head auditors on the one hand, and the enterprise and the members of its executive bodies on the other hand, that could call its independence into question. This statement shall include the extent to which other services were performed for the enterprise in the past year, especially in the field of consultancy, or which are contracted for the following year.

The Supervisory Board shall agree with the auditor that the Chairman of the Supervisory Board will be informed immediately of any grounds for disqualification or impartiality occurring during the audit, unless such grounds are eliminated immediately.

- 7.2.2 The Supervisory Board commissions the auditor to carry out the audit and concludes an agreement on the latter's fee.
- 7.2.3 The Supervisory Board shall arrange for the auditor to report without delay on all facts and events of importance for the tasks of the Supervisory Board which arise during the performance of the audit.

The Supervisory Board shall arrange for the auditor to inform it and/or note in the Auditor's Report if, during the performance of the audit, the auditor comes across facts which show a misstatement by the Executive Board and Supervisory Board on the Code.

- 7.2.4 The auditor takes part in the Supervisory Board's deliberations on the Annual Financial Statements and Consolidated Financial Statements and reports on the essential results of its audit.